



CANARA HSBC LIFE INSURANCE COMPANY LIMITED
CIN : L66010DL2007PLC248825

Dividend Distribution Policy

Owned by: Corporate Governance

Version no. 1.7

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Version History

Release Date	Version	Revision Description	Approved By
16/11/2018	1.0	Initial version	Audit Committee/ Board
28/11/2019	1.1	No change	Audit Committee/ Board
17/12/2020	1.2	No change	Audit Committee/ Board
7/12/2021	1.3	Minor changes	Audit Committee/ Board
29/03/2023	1.4	Minor changes	Audit Committee/ Board
20/02/2024	1.5	No change	Audit Committee/ Board
20/03/2025	1.6	No change	Audit Committee
26/03/2025	1.6	Minor change	Board
18/04/2025	1.7	Changes to align with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Audit Committee/ Board

1. Objective

The objective of this Dividend Distribution Policy ("**Policy**") is to set out the principles and criteria to be considered by the Board of Directors ("**Board**") before recommending dividend for the equity shareholders of Canara HSBC Life Insurance Company Limited ("**Company**").

The Board shall judiciously balance payment of dividend to the shareholders, whilst supporting future growth and long-term interests of the Company and all its stakeholders.

2. Criteria for declaration of dividend

a. Statutory and other requirements

The Company shall declare dividend in accordance with the various applicable provisions of the Companies Act, 2013 (as may be amended from time to time) and the rules made thereunder (the "**Companies Act**"), the Insurance Act, 1938 (as may be amended from time to time) and the regulations made/ circulars, notifications issued thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**LODR Regulations**"), the Articles of Association of the Company and in accordance with the Guidance Note on Dividend Payment, approved by the Board from time to time.

The Board shall have flexibility to determine the level of dividend based on the considerations laid down herein and other applicable and relevant factors/ developments.

The dividend for a particular financial year shall be paid out of profits for that year or profits of previous years remaining undistributed, arrived at after providing for depreciation, in accordance with the provisions of the Companies Act. Dividend may also be paid out of the free reserves, subject to the provisions of the Companies Act.

The Board shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board may also recommend interim dividend during any financial year, out of the surplus in the profit and loss account and out of profits of the financial year in which interim dividend is proposed to be declared.

Dividend shall only be paid to the Company's registered shareholder.

b. Factors to be considered for declaration of dividend

i. The following internal factors, financial and other parameters may, *inter alia*, be considered before recommending declaration of dividend:

- Profits earned during the financial year
- Accumulated reserves
- Profitability outlook for next few years
- Expected future capital and liquidity requirements
- Available solvency margin and target solvency requirements
- Interim dividend, if any, paid and also dividend payout trends
- Such other factors and/or matters which the Board may consider

ii. The following external factors may, *inter alia*, be considered before recommending declaration of dividend:

- Shareholder expectations
- Macro-economic environment
- Regulatory changes

- Capital market condition
- Tax implications if any, on distribution of dividends
- Dividend pay-out ratios of companies in the same industry
- Other factors such as statutory and contractual restrictions

3. Circumstances under which dividend may or may not be declared

The Company shall distribute by way of a dividend, such percentage of the Company's profits, as the Board may determine, as are lawfully available for distribution in each financial year, as certified by the Auditors, subject to the Board making reasonable provisions and transfers to reserves after considering the factors provided in Clause 2 above.

Except in the circumstances mentioned herein below and subject to the factors provided in Clause 2 above, the Company may distribute the maximum amount of its profits which may be distributed.

The Board may not recommend dividend depending upon the following circumstances:

- The eligibility criteria for declaration of dividend has not been met by the Company or there are regulatory restrictions on the Company
- The declaration of dividend would result in the solvency ratio reducing below 150% or such higher or lower percentage stipulated by the regulator as the minimum Solvency Ratio, and adopted by the Company
- The distribution of dividend would result in breach of any covenant or undertaking given by the Company to any lender or would, in the opinion of the Board, be likely to do so within the following 12 months
- The Board believes that the distribution is materially prejudicial to the interests of the Company having regard to implementation of the annual operating plan or strategic plan, the trading prospects of the Company, the need to maintain the sound financial standing of the Company, etc.

4. Utilisation of Retained Earnings

The Boards may decide to deploy the retained earnings of the Company for ensuring optimum levels of solvency margin, for general business purposes, meeting the future growth plans, or such other purposes as the Board may consider in the best interest of the Company and its stakeholders.

5. Dividend and Classes of Shares

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

6. Limitation and Amendments

In case any amendments or clarifications are issued by the relevant regulatory authorities which are not consistent with the provisions laid down under this Policy, then such amendments clarifications, etc. shall prevail and this Policy shall stand amended to that extent. Necessary changes to the Policy will be presented and incorporated in the next meeting of the Audit Committee/ Board.

7. Review

The policy shall be subject to annual review by the Audit Committee and the Board or such frequent review as may be prescribed under the applicable law.

8. Disclosure

The Policy shall be disclosed on the website of the Company and a web-link shall also be provided in its annual report pursuant to Regulation 43A of the LODR Regulations.

If Company proposes to declare dividend on the basis of parameters in addition to the ones listed in this Policy or proposes to change such additional parameters or the Policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.
